

Insurance Times: NY Surplus Lines Law Modernizes Process For Excess Insurers And Insurance Buyers
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ALBANY, N.Y. — A new law that grants flexible powers to the New York Superintendent of Insurance to cover excess insurance lines is a major step toward addressing the modern business needs of the surplus lines insurance buyer. "The adoption and implementation of this law will streamline and facilitate the surplus lines process in New York," said Michael G. Koziol, senior director and counsel for the National Association of Independent Insurers (NAII). "By permitting insurers to use electronic methods to stamp policies and otherwise adopting high-tech methods to speed up the process, this law assures that New York insurance consumers will get the best service possible."

The new law allows the Superintendent of Insurance to approve procedures for the filing, receiving, recording and stamping of excess line insurance documents by electronic or media transmission techniques. Excess line insurers may submit declarations pages, cover notes, binders, endorsements, affidavits, notice of excess line placement, and other documents for processing as long as the superintendent has already approved the means of transmission.

The law also extends the sunset date of the Excess Line Advisory Organization of New York (ELANY), a coalition of insurance industry representatives that worked closely with the New York insurance department in developing the new law.

Ripple effects from terror attacks
begin to take toll on companies

NEW YORK (AP) — From a drop in film use at tourist sites to declining copy paper purchases in corporate offices, the ripple effects of Sept. 11 are reaching into the far corners of the economy.

Many businesses reported an impact, direct or indirect, from the airliner hijack attacks on New York and Washington in their quarterly earnings statements issued last month.

While some consequences, like the toll on airlines, already were well-reported, others are emerging for the first time or in unexpected ways, such as shrinking sales in toilet paper and tissue to hotels. There have been some beneficiaries, too, like canned soup, video rentals and florist companies.

In some cases, companies were already struggling in a slowing economy and may be rushing to blame the attacks for poor performance. But for others, a dramatic shift in consumer behavior after Sept. 11 could well be providing an unexpected boon — or bane — for corporate profits.

Eastman Kodak Co., the world's largest photography company, reported a 77 percent drop in third-quarter earnings. The reason? Flat film sales as the terror attacks dampens travel by tourists, who usually take pictures on their trips.

Also hit hard were forest products makers International Paper and Weyerhaeuser, which reported deeper losses after corporate layoffs and reduced advertising cut into paper production.

It's not all bad news.

Blockbuster Inc., the world's largest video rental chain, said it expects a long-term earnings boost as consumers stay home more.

COVERAGE, RATING

FACTORS NOW PART OF ISO POLICY SYSTEMS

JERSEY CITY, N.J. — Insurance Services Office, Inc. (ISO) has expanded ISO IntegRater to electronically deliver commercial property and commercial package policy, loss costs and rating factors, so insurers can directly incorporate the information into their rating and policy-issuance systems.

ISO IntegRater initially delivers loss costs and rating information for all states for which an insurer participates on a CD-ROM.

The first product on ISO IntegRater — general liability advisory loss costs information and rating factors — became available in first-quarter 2001.

NAII: Reinsurance Tax Threatens NY Business Insurance Market

ALBANY, N.Y. — The insurance industry won a preliminary round in a battle with the New York Department of Revenue last month when the department agreed to reconsider its position on franchise tax credits for reinsurers dealing with surplus lines insurers.

"The department's consideration that surplus lines transactions are indeed 'authorized' and legal in New York is a big

step forward," said Michael G. Koziol, senior director and counsel for the National Association of Independent Insurers (NAII). "We're hoping that this is the first step toward elimination of a position that essentially double-taxes New York consumers."

Industry representatives met to outline their objections to the current provisions. Under the system, reinsurers, which pay a franchise tax on transactions in New York, receive a tax credit if they are dealing with an admitted insurance company, but not if the transaction is with a surplus lines carrier.

"In light of the September 11 terrorist attacks, the pricing and availability of business insurance is of tantamount importance. If the current provision stands, consumers will pay both surplus lines tax and the portion of the franchise tax – in what amounts to double taxation," Koziol said. "It's important that the department rethink this position, which could further destabilize the market for business insurance in the state."